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INTERSTATE COMMERCE COMMISSION
August 23, 1991

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1-235A010

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\$15.00 filing fee

Mr. Sidney L. Strickland
Secretary
Interstate Commerce Commission
Room 2303
12th & Constitution, N.W.
Washington, D.C. 20423
Attn: Mildred R. Lee/DOCUMENTS FOR RECORDATION

New number.
Dear Mr. Strickland:

The undersigned is an attorney representing a party to the enclosed document. I have enclosed originals and certified copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and the regulations adopted thereto.

The enclosed document is a Collateral Assignment and Security Agreement, a primary document, dated July 31, 1991.

The names and addresses of the parties to the document are as follows:

Secured Party: The CIT Group/Equipment Financing, Inc.
270 Park Avenue
New York, New York 10017

Debtor: Bethlehem Steel Corporation
Bethlehem, Pennsylvania 18016

AUG 23 1 50 PM '91
MOTOR OPERATING UNIT

*Copy to
Rachael B. Clark*

Mr. Sidney L. Strickland

August 23, 1991

A description of the equipment covered by the document follows:

230 open top hopper railroad cars and 240 open top coal gondola railroad cars having the following running marks and numbers:

MCHX 30575-31044, inclusive.

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation and the enclosed copy of this letter, each stamped with your recordation number to the bearer of this letter.

A short summary of the document to appear in the index follows:

Collateral Assignment and Security Agreement between Bethlehem Steel Corporation, Bethlehem, Pennsylvania, as debtor, and The CIT Group/Equipment Financing, Inc., New York, New York, as secured party, dated July 31, 1991, and covering 230 open top hopper railroad cars and 240 open top coal gondola railroad cars.

Very truly yours,

SEYFARTH, SHAW, FAIRWEATHER & GERALDSON

By


Richard Demarest Yant

RDY:lm

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

17493
AUG 23 1991 - 1 55 PM
INTERSTATE COMMISSION

This ASSIGNMENT AND SECURITY AGREEMENT ("Assignment") is granted as of July 31, 1991, by BETHLEHEM STEEL CORPORATION, a Delaware corporation, ("Lessee") to THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation and its successors and assigns ("Lessor").

WHEREAS, pursuant to the Railcar Lease Agreement dated as of July 31, 1991 (the "Lease"), (i) Lessor has provided, or may in the future provide, to Lessee the units of railroad rolling stock equipment described on Schedule 1 hereto together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, whether now owned or hereafter acquired, and all additions, improvements, accessions and accumulations to any and all of said equipment, including, without limitation, any and all substitutions, renewals or replacements of any of the foregoing (referred to herein collectively, the "Equipment" and individually, a "Unit") and may, from time to time, extend certain credit and other financial accommodations to Lessee and (ii) Lessee has agreed to grant to Lessor the liens and security interests in all subleases of the Equipment or any Unit and all rents thereunder, every other agreement relating to the Equipment or any Unit (including, without limitation, the agreements listed on Schedule 2 hereto) and the proceeds thereof and other personal property described herein:

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. COLLATERAL.

Section 1.1 Grant of Security Interest. As security for the Lessee's payment and performance of all obligations under the Lease and hereunder (collectively referred to as the "Liabilities"), Lessee hereby grants to Lessor a security interest in and chattel mortgage on all of the following:

(a) All of Lessee's subleases, assignments, bailments for hire, or similar agreements or arrangements relating to the Equipment (the "Subleases"), whether now or hereafter existing, between the Lessee as lessor and other parties as lessees (the "Sublessees"), including, without limitation those identified on Schedule 2 hereto;

(b) All proceeds (including, without limitation, insurance and indemnity payments) from the sale, lease, assignment, loss or other disposition in any way arising from the Equipment;

(c) (i) All rents arising from any Sublease, (ii) all claims for damages arising out of the breach of any Sublease, (iii) the right, if any, to terminate any Sublease, to perform thereunder and to compel performance of the terms thereof, (iv) the right to take possession of the Equipment and to use any and all of the Equipment, (v) the right to make all waivers and agreements and to enter into any amendments relating to any Sublease or any provision thereof, (vi) the right to take such action upon the occurrence of an event of default under any Sublease, including, without limitation, the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by any Sublease or by law, and (vii) all other rights, claims, causes of action, if any, which Lessee may have against any Sublessee with respect to any Sublease including, without limitation, the right to exercise any options or remedies under such Subleases;

(d) All other documents or agreements in any way relating to the Equipment or any Unit, including, without limitation, all agreements relating to the management, maintenance, care or repair of any Unit (including, without limitation, those identified on Schedule 2 hereto) and all rights of Lessee arising out of any of them (the "Documents"); and

(e) All books, records, reports and documents, in whatever form and wherever located relating in any way to the foregoing, including, without limitation, all maintenance records, plans, specifications, lease records and reports (the "Records").

All such Equipment, Subleases, Documents, Records, rights, claims and causes of action described in the immediately preceding clauses (a), (b), (c), (d) and (e) and proceeds with respect thereto are herein collectively referred to as the "Collateral."

Section 1.2. Representations, Warranties and Covenants of Lessee. Lessee represents, warrants and covenants:

(a) That the Equipment is properly identified by serial, running or other identifying mark and number on Schedule 1 hereto and hereby made a part hereof.

(b) That all of Lessee's now existing Subleases and Documents are set forth on Schedule 2 hereto.

(c) That Lessee shall not enter into any renewals or extensions of its existing Subleases or Documents or enter into any new Subleases or Documents without in each case

such Subleases or Documents being subordinate to the Lease and this Assignment and without thereafter delivering the original of such Sublease or Document, renewal or extension to Lessor.

(d) That it has not assigned, pledged or mortgaged, and hereby covenants that it will not assign, pledge or mortgage, so long as the Lease or this Assignment shall remain in effect, the whole or any part of the rights or interests hereby assigned, pledged, mortgaged, and granted to anyone other than Lessor and its successors and assigns.

(e) That Lessee will defend the rights and interests of Lessor in and to the Collateral against the rights or claims of any persons.

(f) That Lessee is not, as of the date hereof, in default under any of the provisions of any of the Subleases or Documents.

Section 1.3. Lessee's Agreements with Respect to the Subleases and Documents. To protect the grant of security interest to Lessor in the Subleases and Documents, Lessee hereby agrees as follows:

(a) Lessee shall faithfully abide by, perform and discharge each and every obligation, covenant, condition, duty and agreement which the Subleases and Documents provide are to be performed by Lessee.

(b) Lessee will deliver to Lessor the original of each Sublease and Document.

(c) Without the prior written consent of Lessor, Lessee shall not enter into any Sublease or Document that grants to the Sublessee or other party thereunder the right to acquire any of the Equipment. Any attempts to enter into any Subleases or Documents made in violation of the provisions of this subsection shall be void.

(d) At Lessee's sole cost and expense, Lessee will appear in and defend any action or proceedings arising under, growing out of or in any manner connected with the obligations, covenants, conditions, charters, agreements or liabilities of Lessee under any and all of the Subleases and Documents.

(e) Without the prior written consent of Lessor, Lessee shall not commence or compromise any action, suit, proceeding or case or file any application or make any motion affecting any of the Subleases or Documents in any bankruptcy proceeding other than a proceeding in which Lessee is the debtor.

SECTION 2. DEFAULTS

Section 2.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

- (a) An Event of Default shall occur under the Lease;
- (b) Lessee shall fail to perform any of its obligations under this Assignment and such failure shall continue for ten (10) days after notice thereof to Lessee; or
- (c) Any representation made to Lessor in this Assignment shall prove to be materially false or misleading at the time when made.

SECTION 3. REMEDIES.

Section 3.1. Remedies. Upon the occurrence and during the continuance of any Event of Default, Lessor may do any one or more of the following acts (but shall be under no obligation to do so) regarding the Collateral, or any portion thereof:

- (a) direct any Sublessee to pay all rents thereafter becoming due under any of the Leases to Lessor, cash any checks and negotiate any other instrument or compromise any claim, in each case, if desirable in the name of Lessee;
- (b) perform or discharge any obligation or duty of Lessee under any of the Subleases or Documents to such extent as Lessor may deem necessary or advisable to protect the security provided hereunder;
- (c) exercise all the rights and remedies in foreclosure and otherwise granted to secured parties under the provisions of applicable laws;
- (d) institute legal proceedings for the specific performance of any covenant or agreement herein undertaken by Lessee or for aid in the execution of any power or remedy herein granted;
- (e) institute legal proceedings to foreclose upon and against the security interest and the chattel mortgage in any of the Collateral granted in and by this Assignment, to recover judgment for all amounts then due and owing as Liabilities, and to collect the same out of any sale of the Collateral or of collections upon the Subleases;
- (f) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(g) demand, collect, and retain all car hire, rent, earnings and other sums due and to become due to Lessee in respect of the Collateral from any party whomsoever, accounting only for the net earnings arising from such use, if any, after charging against any receipts from the use of the same and from any subsequent sale thereof all costs and expenses of and damages or losses by reason of, such use or sale;

(h) sell or dispose of all or any part of the Collateral, free from any and all claims of Lessee or of any other party claiming by, through or under Lessee at law, in equity, or otherwise, at one or more public or private sales, in such place or places, at such time or times, and upon such terms as Lessor may determine, in its sole and complete discretion and in light of the best interests of Lessor, with or without previous demand on or notice to Lessee or advertisement of any such sale or other disposal, except as may be required by law; and for the aforesaid purposes, all notices of sale, advertisements, and demands and any rights or equities of redemption otherwise required or available to Lessee under applicable law are hereby waived by Lessee to the fullest extent permitted by applicable law. Any non-waivable requirement in law of reasonable notice shall be deemed satisfied by ten (10) days notice. Any non-waivable requirement in law of publication shall be deemed satisfied by publication in accordance with procedures then in use or customary in the relevant jurisdiction. The power of sale hereunder shall not be exhausted by one or more sales, and Lessor from time to time may adjourn any sale to be made pursuant to this Section 3.1;

(i) assign its rights and interests in any and all of the Subleases and Documents, without Lessee's consent, to any successor or assignee of Lessor or to any other third party;

(j) exercise any and all other rights available to Lessor under any other agreement or at law or in equity.

In the event that Lessor exercises any of its rights under this Assignment, all payments or proceeds received by Lessor resulting from such exercise shall be applied in any manner reasonably deemed appropriate by Lessor. ALL REMEDIES OF LESSOR UNDER THIS ASSIGNMENT OR ANY OTHER DOCUMENT OR AT LAW OR IN EQUITY SHALL BE CUMULATIVE, AND THE EXERCISE OF ANY ONE REMEDY BY LESSOR SHALL NOT NECESSARILY PREVENT LESSOR FROM EXERCISING ANY OTHER REMEDY.

Section 3.2. Waiver by Lessee. To the extent permitted by law, and except as otherwise expressly provided herein to the contrary, Lessee covenants that it will not at any time after any sale or sales in exercise of Lessor's remedies herein, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of Lessee acquiring any interest in or title to the Collateral, or any part thereof subsequent to the date of this Assignment, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Lessor, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

SECTION 4. GENERAL.

Section 4.1. Rights Cumulative. Each and every power and remedy hereby specifically given to Lessor shall be in addition to or every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to Lessee shall not otherwise alter or affect Lessor's rights or the Liabilities. Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Liabilities or Lessor's rights hereunder with respect to any subsequent payments or default therein.

Section 4.2. [Intentionally Omitted]

Section 4.3. Section Headings, Effect and Modification of Agreement. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Assignment.

Section 4.4. Modifications. No variation or modification of this Assignment and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee.

Section 4.5. Notices. All notices hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to the respective addresses set forth below:

If to Lessor:

The CIT Group/Equipment Financing, Inc.
1400 Renaissance Drive, Suite 400
Park Ridge, Illinois 60068
Attention: Vice President/Credit

with a required copy to:

The CIT Group/Equipment Financing, Inc.
270 Park Avenue
New York, New York 10017
Attention: Senior Vice President/Credit

If to Lessee:

Bethlehem Steel Corporation
1170 Eighth Street
Bethlehem, Pennsylvania 18016
Attention: Treasurer

Lessee shall cause a copy of every notice or communication received from or on behalf of any of the other parties to any of the Subleases and Documents to be promptly delivered to Lessor, including, without limitation, the filing of any bankruptcy petition by or against, or the institution of any insolvency or reorganization proceeding involving, any such party.

Section 4.6. Law Governing. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of New York without regard to conflicts of laws rules; provided, however, that Lessor shall be entitled to all rights conferred by the filing, recording or deposit hereof in the appropriate office(s) pursuant to Section 11303 of the Interstate Commerce Act or in such other offices as may be appropriate in the jurisdiction in which the Equipment is operated.

Section 4.7. Counterparts. This Assignment may be executed in several counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

Section 4.8. Successors and Assigns. This Assignment shall be binding upon Lessee and inure to the benefit of Lessor and its successors and assigns. Lessee may not assign or transfer its rights hereunder without the prior written consent of Lessor.

Section 4.9. Severability. The provisions of this Assignment are severable and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Assignment in any jurisdiction. Without limiting the generality of the foregoing, the parties hereto intend that the security interest and chattel mortgage created by this Assignment and securing the Liabilities shall be severable, and if any portion of the Liabilities shall be invalid, unenforceable or void under applicable law, then the security interest and chattel mortgage created by this Assignment shall be invalid, unenforceable or void solely to the extent of such invalidity, unenforceability or avoidance of such portion of the Liabilities without rendering the remainder of the security interest and chattel mortgage created by this Assignment unenforceable, invalid or void.

4.10. Further Assurances. Lessee will, from time to time, do and perform any other act or acts and will execute, acknowledge, and deliver, and file, register, and record (and will re-file, re-register and re-record whenever required) any further instrument, including any extensions and renewals thereof, required by law or requested by Lessor in order to confirm or further assure the interests of Lessor hereunder.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed by its duly authorized representative as of the day and year first set forth above.

BETHLEHEM STEEL CORPORATION

By: A. M. Wells
Title: Vice President and Treasurer

COMMONWEALTH OF PENNSYLVANIA

~~STATE OF~~ _____)

SS:

COUNTY OF LEHIGH)

On this 9th day of August, 1991, before me personally appeared A. M. Weller, to me personally known who, being by me duly sworn, says that he is a Vice President and Treasurer of BETHLEHEM STEEL CORPORATION, a Delaware corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ethel H. Vary
Notary Public

(NOTARIAL SEAL)

My Commission Expires: _____

NOTARIAL SEAL
Ethel H. Vary, Notary Public
City of Bethlehem, Lehigh County, Pa.
My Commission Expires July 17, 1994

List of Schedules

Schedule 1 Equipment
Schedule 2 Subleases and Documents

SCHEDULE 1EQUIPMENT

<u>Equipment Description</u>	<u>AAR Designation</u>	<u>Running Nos.</u>
230-Bethlehem Freight Car Division Aluminum Open quick dump ("Rapid Discharge") coal hopper cars with rotary coupler and 3,870 cubic foot capacity	K341	MCHX 30815- 31044
240-Bethlehem Freight Car Division Aluminum BethGon 100 ton capacity, 4000 cubic foot, open top coal gonolas with rotary coupler	J312	MCHX 30575- 30814

SCHEDULE 2

SUBLEASES AND DOCUMENTS

1. Lease Agreement for Railroad Cars dated as of July 18, 1991, between Bethlehem Steel Corporation and Burlington Northern Railroad Company.
2. Railcar Maintenance Service Agreement dated as of March 1, 1991 between Bethlehem Steel Corporation and Burlington Northern Railroad Company.
3. Railcar Maintenance Service Agreement dated as of July 31, 1991 between Transcisco Leasing Company and Bethlehem Steel Corporation.
4. Supplemental Agreement dated as of July 31, 1991, between Bethlehem Steel Corporation and Transcisco Leasing Company.